

Stock

Briefing Note



Company Name & Ticker

CEYLON HOSPITALS PLC | CHL.N/X

Industry

CSE | HEALTHCARE EQUIPMENT & SERVICES

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AMBEON
SECURITIES

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1. Executive Summary

1.1. Company Overview

Ceylon Hospitals PLC (CHL.N/X) specializes in healthcare and laboratory services, operating under the Durdans brand. The company has several subsidiaries, each focusing on different aspects of medical care and education. Durdans Heart Centre (Pvt) Ltd provides preventive cardiac care and surgical treatments, while Durdans Medical and Surgical Hospital (Pvt) Ltd offers a range of general healthcare services. Amrak Institute of Medical Sciences (Pvt) Ltd delivers courses in allied medical sciences, and Ceygen Biotech (Pvt) Ltd supplies molecular biology, biochemistry, and biotechnology-related test kits, equipment, and accessories for diagnostics and research.

1.2. Valuation Summary

The weighted average fair value of **CHL.N** is estimated at **LKR 164.96**, while **CHL.X** is valued at **LKR 134.08**. Based on prevailing market prices, CHL.N offers an upside potential of **43.14%**, whereas CHL.X presents an upside potential of **41.88%**. The fair value assessment shows an implied PE multiple of 10.15 for CHL.N and 8.25 for CHL.X, calculated using the latest trailing twelve-month (TTM) earnings per share (EPS). Historically, over the past two years, CHL.X has traded at an average discount of 18.65% relative to CHL.N.

1.3. Key Financials

For the quarter ending December 2024, Ceylon Hospitals PLC reported revenue of LKR 2.50 billion, marking a 7.4% YoY increase and a 1.3% growth compared to the previous quarter. The cost of services declined by 10.1% YoY to LKR 928 million, maintaining a downward trend with a 10.0% QoQ reduction. As a result, gross profit reached LKR 1.57 billion, with an improved gross margin of 62.9%, highlighting enhanced cost efficiency.

Net profit attributable to shareholders soared to LKR 455 million, primarily due to higher finance income, delivering an exceptional YoY growth of 307.2% and a QoQ surge of 445.7%. The net profit margin expanded significantly from 3.02% to 15.91%, while Return on Equity and Return on Assets improved to 8.16% and 4.63%, respectively, underscoring a strong turnaround in quarterly performance.

LKR Mn	FY22	FY23	FY24	3Q FY25
Revenue	7,841	7,905	9,153	2,502
Gross profit	4,961	4,811	5,139	1,573
Operating profit	1,361	941	704	325
Profit attributable to shareholders	982	572	417	398
Total assets	12,803	14,110	15,043	15,347
EPS (TTM) (LKR)	23.45	13.65	9.96	16.25
NAVPS (LKR)	180.15	185.50	193.41	216.47
Net margin (%)	12.53%	7.23%	4.56%	15.91%
ROE (%)	13.86%	7.47%	5.26%	8.16%
ROA (%)	8.29%	4.25%	2.86%	4.63%

2. Dashboard

Company Name	Ceylon Hospitals PLC
Ticker – Voting	CHL.N
Ticker – Non-Voting	CHL.X
Market Price – Voting (LKR)	127.50
Market Price – Non-Voting (LKR)	94.50
Exchange Listed	Colombo Stock Exchange
GICS Sector	HealthCare Equipment & Services
Board Listed	Main Board
Listed Date	14 th November 2003
No. of Shares (Mn) – Voting	32
No. of Shares (Mn) – Non-Voting	10
Total Shares (Mn)	42
MCAP (LKR Mn) – Voting	4,050
MCAP (LKR Mn) – Non-Voting	958
Total MCAP (Mn)	5,007
Public Holding – Voting	21.36%
Public Holding – Non-Voting	50.28%
Financial year ends	31 st March

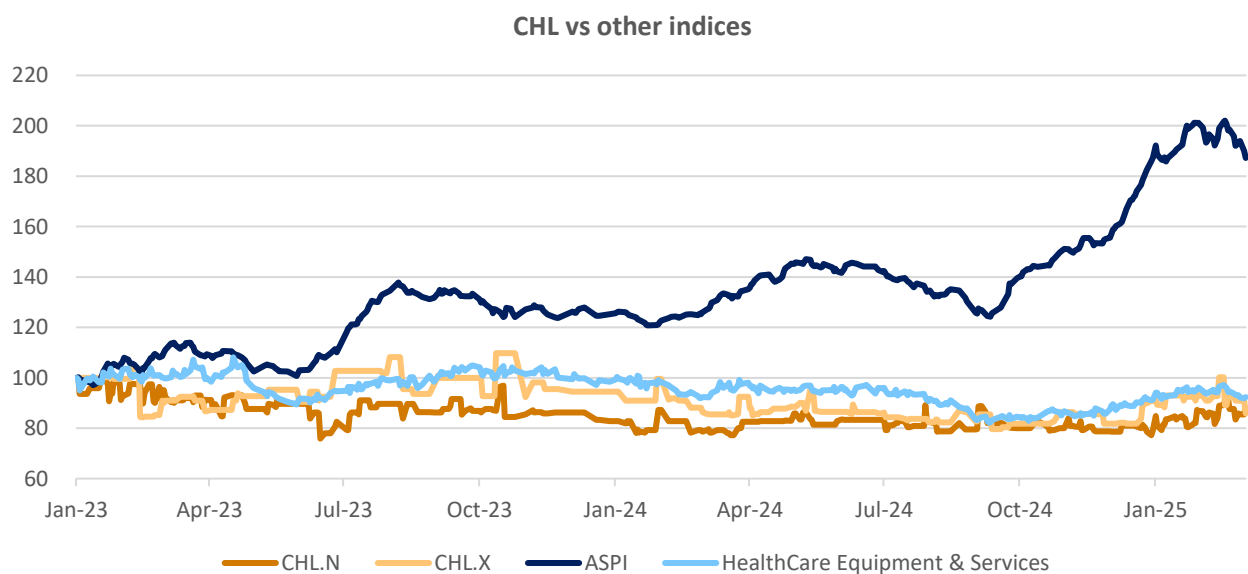
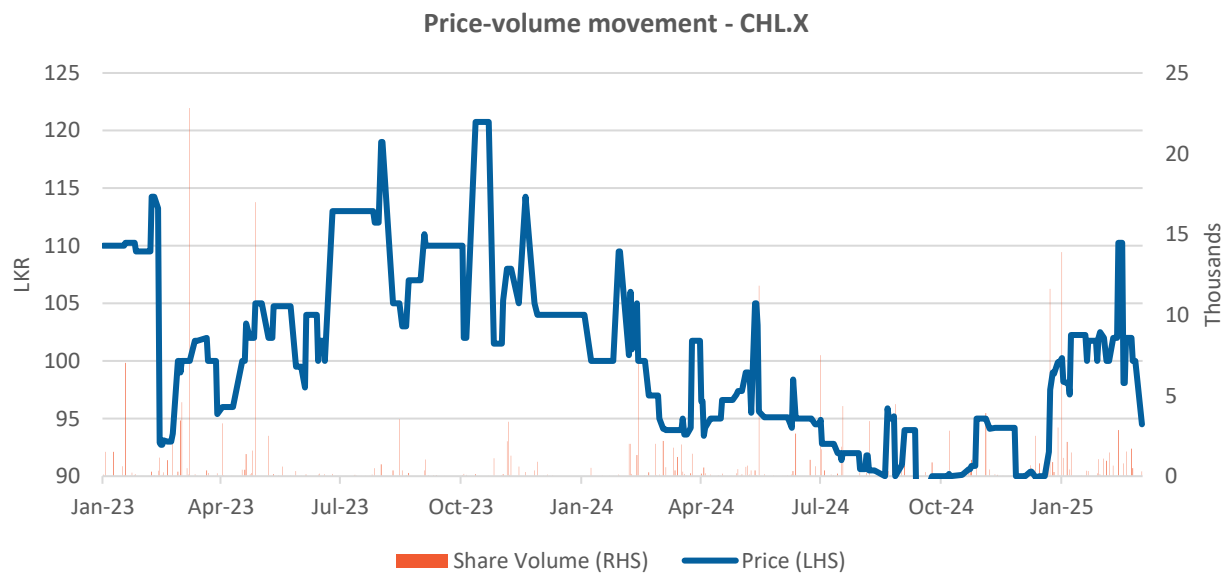
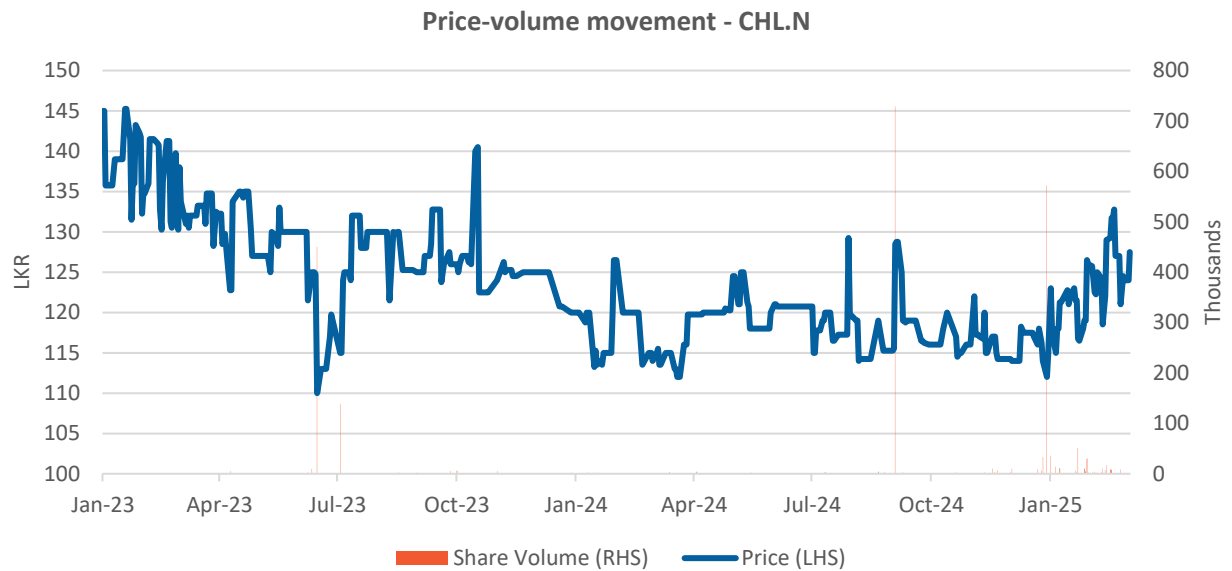
Top 05 shareholders

CHL.N	Percentage	CHL.X	Percentage
1. Durdans Management Services Ltd	69.60%	1. Durdans Management Services Ltd	35.41%
2. Mr. D.G. Wijemanna	2.38%	2. Employees' Provident Fund	11.39%
3. Mr. R.P. Weerasooriya	2.26%	3. MJF Holdings (Pvt) Ltd	6.28%
4. Mr. Y. N. R. Piyasena	1.69%	4. E. W. Balasuriya & Co. (Pvt) Ltd	3.96%
5. Mr. Deen Mohamed Fazal Aslam	1.67%	5. Mr. D. Ratnayake	1.54%

The Float Adjusted Market capitalization as of 31.12.2024 was LKR 761 Mn.

Key Data	CHL.N	CHL.X
Historical Returns (Mar 2024 – Mar 2025)		
1-year capital gain	10.9%	0.4%
1-year dividend yield	1.7%	2.1%
1-year total return	12.6%	2.6%
Beta	-0.02	-0.02
1-year high (LKR)	138.50	112.50
1-year low (LKR)	110.00	87.00
Valuation Multiples		
PE Ratio	7.85	5.82
PB Ratio	0.59	0.44
Per Share Data (LKR)		
EPS (TTM)	16.25	16.25
NAVPS (Sep 2024)	216.47	216.47
DPS (FY24)	2.00	2.00
Dividend Payout	17.26%	17.26%

Sources: CSE, Company reports, Ambeon estimates



Note: The chart is indexed

3. Valuation Summary

3.1. Valuation Upside

We have estimated the Weighted average fair value of **CHL.N** at LKR **164.96** and **CHL.X** at LKR **134.08**. Based on current market prices, CHL.N presents an upside potential of **43.14%** and CHL.X shows an upside potential of **41.88%**. The fair value of CHL.N has an implied PE multiple of 10.15 and CHL.X has an implied PE of 8.25 based on the current TTM EPS. Historically, over the past two years, CHL.X has traded at an average discount of 18.65% compared to CHL.N.

Weighted average intrinsic value	LKR
Justified PE-based valuation	41.68
Justified PBV-based valuation	225.95
EV/EBITDA based valuation	227.27
Weighted average fair value per share (LKR) – CHL.N	164.96
Weighted average fair value per share (LKR) – CHL.X	134.08

3.2. Justified PE based valuation

Justified PE	2.56
TTM EPS (Period ended December 2024)	16.25
Value per share (LKR)	41.68

3.3. Justified PBV based valuation

Justified PBV	1.04
NAVPS (31 st December 2025)	216.47
Value per share (LKR)	225.95

The following assumptions were made when calculating valuations based on the justified PE and justified PBV ratios.

DPS	2.00
EPS	16.25
Growth rate	3.00%
Cost of Equity (Based on CAPM model)	7.94%
ROE	8.16%
Risk free rate	8.35%
Beta	-0.02
Market equity premium	20.35%

3.4. EV/EBITDA Based Valuation

TTM EBITDA of CHL (LKR Mn)	1,655.80
Average EV/EBITDA of peers	7.18
Enterprise Value (EV) (LKR Mn)	11,894.47
Less: debt (LKR Mn)	2,556.15
Add: cash & cash equivalent (LKR Mn)	183.31
Equity value (LKR Mn)	9,521.63
No. of shares in Mn	41.90
Value per share (LKR)	227.27

Given below are current market multiples

Peer valuation multiples	PER	PBV	EV/EBITDA
CHL.N	7.85	0.59	7.24
CHL.X	5.82	0.44	7.24
ASIR.N	12.11	1.36	6.86
AMSL.N	10.81	0.88	9.47
SINH.N	11.63	1.37	6.00
LHCL.N	11.87	1.19	6.41
Health Care Sector	11.40	1.20	

Note:

1. To calculate the PER of the companies, the market price per share as of 04th March 2025, and the EPS (TTM) for the period ended December 2024, are used.
2. To calculate the PBV of the companies, the market price per share as of 04th March 2025, and the NAVPS as of 31st December 2024, are considered.

Sources: CSE, Bloomberg, Company reports

4. Return Analysis

4.1. Historical Dividends

Historical Dividends

	FY2020	FY2021	FY2022	FY2023	FY2024
Dividend Per Share (LKR)	2.20	3.20	5.00	2.30	2.00
Dividend payout ratio**	18.47%	19.35%	17.24%	13.63%	17.26%
Dividend yield CHL.N*	2.75%	3.16%	4.78%	1.74%	1.67%
Dividend yield CHL.X*	3.01%	3.59%	6.08%	2.41%	1.97%

* Dividend yield is based on the closing price of the year

** Dividend yield is based on the reported EPS of the year

Year	Type	Dividend per share (LKR)	Payment date
FY2024	First interim dividend	2.00	2-Jul-24
FY2023	First interim dividend	2.30	9-Jun-23
FY2022	First interim dividend	5.00	30-May-22
FY2021	First interim dividend	3.20	14-Jun-21
FY2020	First and Final dividend	2.20	28-Aug-20

In FY 2024, CHL declared a dividend of LKR 2.00 per share, maintaining its consistent dividend policy over the past five years. The dividend payout ratio stood at 17.26%, while the dividend yield was 1.67% for voting shares and 1.97% for non-voting shares. Notably, the company has consistently paid dividends over the last five years, with equal dividends per share for both voting and non-voting shares. Over this period, CHL's average dividend payout ratio remained around 17%, while the average dividend yield stood at approximately 2.8% for voting shares and 3.4% for non-voting shares.

4.2. Historical Prices

Annual price movement (%) (April-March)	CHL.N	CHL.X
FY25 (YTD)*	6.5%	-7.1%
FY24	-9.5%	6.7%
FY23	26.6%	16.1%
FY22	3.2%	-7.7%
FY21	26.6%	22.1%
FY20	10.7%	8.0%

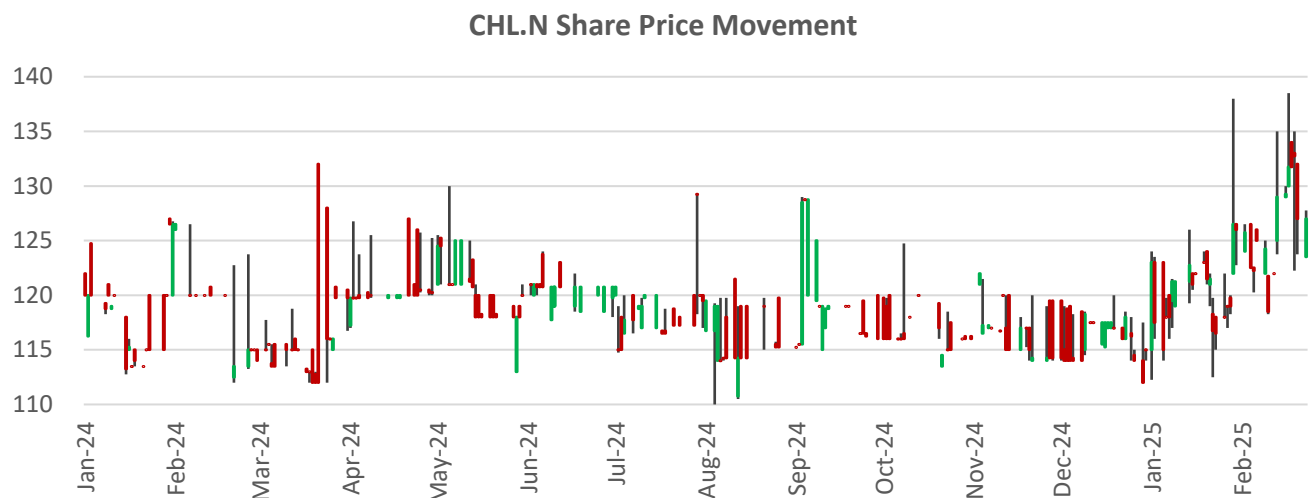
* Closing prices as of 04th March 2025, are considered for calculating YTD

Since April 2024, CHL.N has recorded a 6.5% price increase, whereas CHL.X saw a 7.1% decline, indicating a divergence in investor sentiment between the two share classes. However, in FY 2024, CHL.N declined by 9.5%, while CHL.X gained 6.7%, reflecting varying market dynamics and investor preferences over the year. Looking at the longer-term trend from the beginning of FY2020 to date, CHL.N has surged by 59.4%, significantly outperforming CHL.X, which rose 29.5%. This suggests that despite short-term volatility, both share classes have delivered substantial long-term capital appreciation, with CHL.N exhibiting stronger growth momentum over the period.

Source: Company reports, CSE

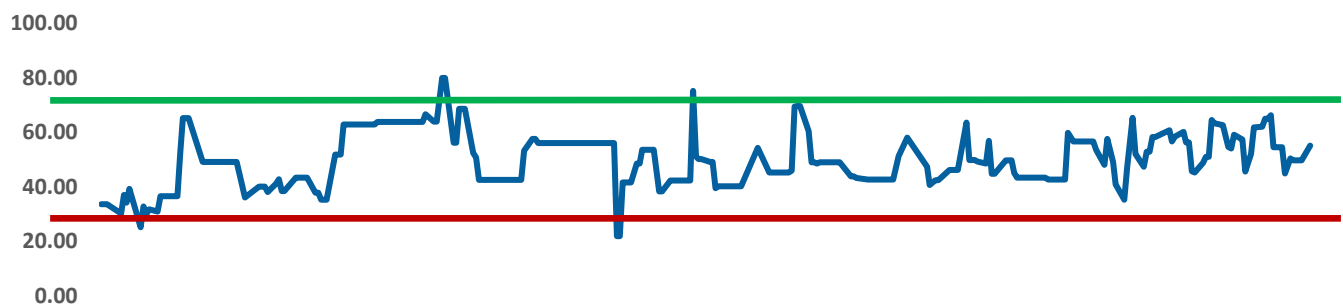
5. Technical Indicators

5.1. CHL.N's low liquidity and volatility limit reliable technical analysis insights



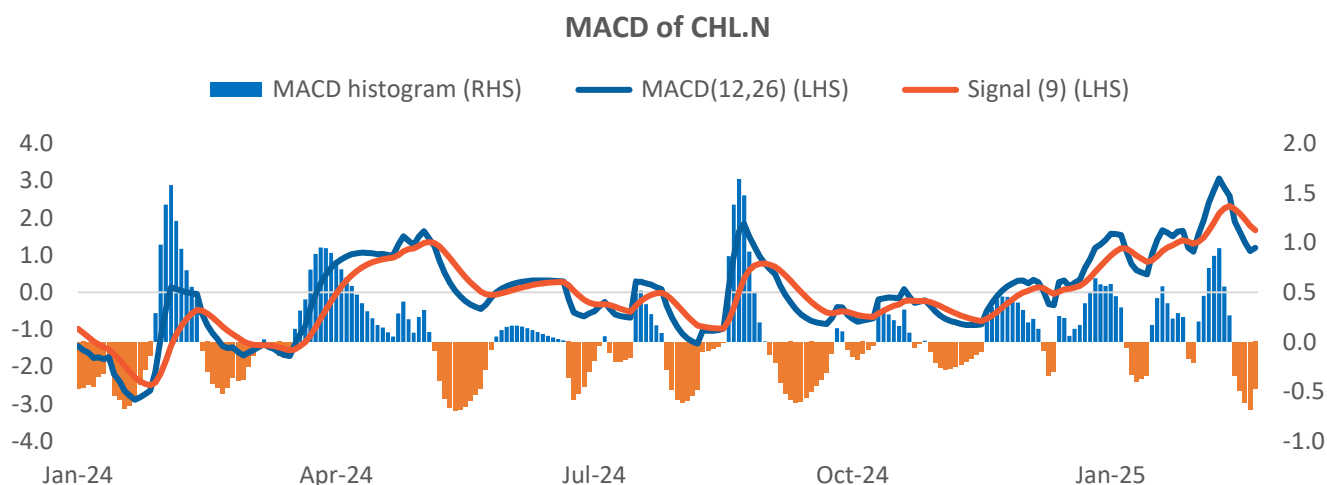
The technical analysis of CHL.N reveals challenges due to its relatively low liquidity and high volatility. These factors make it a less ideal candidate for technical analysis, though some insights can still be drawn with certain limitations. The low trading volume indicates that price movements may be significantly impacted by larger trades, potentially leading to price gaps. Additionally, fluctuations in daily volume and turnover suggest inconsistent price trends, making it difficult to establish a clear and reliable technical pattern.

5.2. CHL.N's RSI shows neutral sentiment with inconsistency



The current RSI value of 55.14 places the stock in the neutral zone, indicating neither overbought nor oversold conditions. This reflects a balanced market sentiment without clear bullish or bearish momentum. However, historical fluctuations between oversold and overbought levels suggest inconsistent momentum, making it challenging to identify a definitive trend.

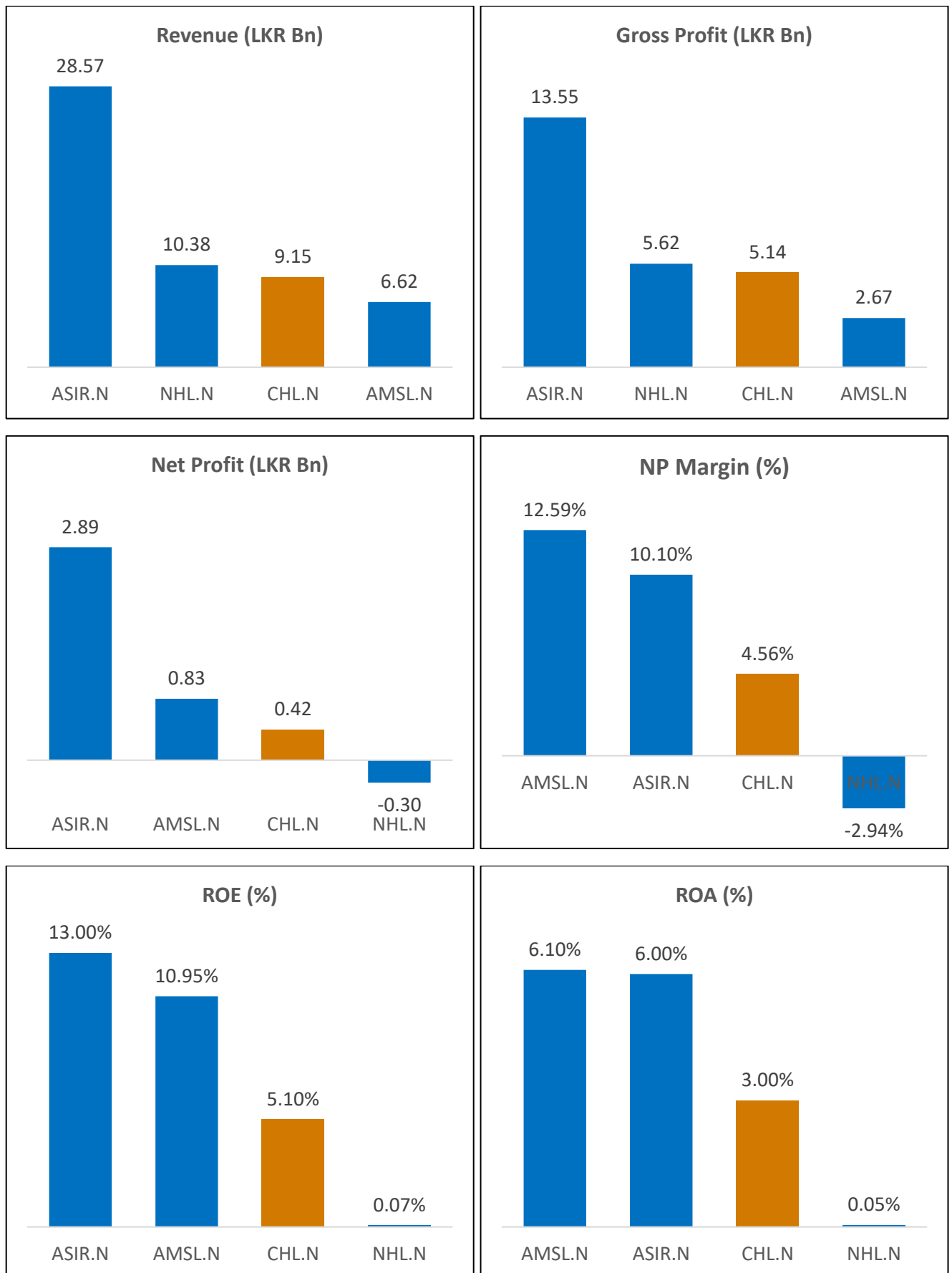
5.3. MACD above Signal Line suggests bearish momentum, but volatility limits reliability



The current MACD value of 1.20 is below the Signal Line at 1.67, indicating bearish momentum and the potential for further downward movement. However, frequent crossovers between the MACD and Signal Line in the past suggest inconsistent momentum, likely driven by the stock's high volatility. This volatility makes it challenging to rely solely on MACD signals for trend confirmation.

Source: CSE, Ambeon estimates

6. Peer Comparison



Source: Company annual reports FY2024

7. Financial Review

7.1. Major Changes Compared with the Previous Year (FY2024 vs FY2023):

Favorable Changes

- Revenue grew by 15.8%, rising from LKR 7.91 Bn to LKR 9.15 Bn.
- Gross profit increased by 6.8%, reaching LKR 5.13 Bn from LKR 4.81 Bn.
- Other operating income surged by 84.9%, climbing from LKR 111 Mn to LKR 205 Mn.
- Income tax expense declined by 49.8%, decreasing from LKR 409 Mn to LKR 205 Mn.
- Days of sales outstanding improved from 14 days to 12 days.

Unfavorable Changes

- Cost of services rose by 29.7%, increasing from LKR 3.10 Bn to LKR 4.01 Bn.
- Net profit attributable to equity holders declined by 27.0%, dropping from LKR 572 Mn to LKR 417 Mn.
- Operating profit decreased by 25.2%, falling from LKR 941 Mn to LKR 704 Mn.
- Net profit margin declined from 7.23% to 4.56%.
- Interest coverage ratio weakened from 10.71 times to 4.87 times.

7.2. Major Changes Compared with the Previous Quarter (3Q FY25 vs 2Q FY25):

Favorable Changes

- Net profit attributable to equity holders surged by 433.1%, rising from LKR 75 Mn to LKR 398 Mn.
- Finance income saw a significant increase, climbing from LKR 9 Mn to LKR 224 Mn.
- Operating profit grew by 83.2%, reaching LKR 178 Mn from LKR 146 Mn.
- Net profit margin improved from 3.02% to 15.91%.
- Return on Equity increased from 4.80% to 8.16%, while Return on Assets rose from 2.70% to 4.63%.

Unfavorable Changes

- Administration expenses saw a slight increase of 0.7%, rising from LKR 922 Mn to LKR 928 Mn.
- Days of sales outstanding extended from 14 days to 16 days.

7.3. In FY24 revenue grew 15.8% YoY, but costs surged 29.7%, squeezing profitability

For the financial year 2024, the company achieved a 15.8% YoY growth in revenue, reaching LKR 9.15 billion. However, the cost of services saw a notable increase of 29.7% compared to the previous year, impacting profitability. In the quarter ended December 2024, revenue climbed to LKR 2.50 billion, reflecting a 7.4% YoY increase and a 1.3% growth compared to the previous quarter. During this quarter, the cost of services decreased by 10.1% YoY to LKR 928 million, continuing the downward trend with a 10.0% QoQ decline. This resulted in a gross profit of LKR 1.57 million and a strong gross margin of 62.9%, signaling improved cost efficiency.

7.4. Quarterly net profit soared 307.2% YoY as finance costs boosted earnings

In FY 2024, net profit attributable to equity holders declined by 27.0% YoY to LKR 417 million, primarily due to higher operating costs. As a result, the net profit margin fell from 7.23% in FY 2023 to 4.56%, while Return on Equity (ROE) and Return on Assets (ROA) dropped to 5.26% and 2.86%, respectively.

However, in the quarter ended December 2024, net profit to shareholders surged to LKR 455 million, largely driven by increased finance income. This resulted in an exceptional YoY growth of 307.2% and a QoQ increase of 445.7%, significantly improving profitability. The net profit margin expanded from 3.02% to 15.91%, while ROE and ROA strengthened to 8.16% and 4.63%, respectively, reflecting a notable turnaround in quarterly performance.

7.5. Company improved working capital efficiency with strong YoY performance gains

In FY 2024, the company demonstrated improved operational efficiency across key working capital metrics compared to FY 2023. The Inventory Turnover Ratio increased from 3.34 to 4.38 times, indicating faster inventory movement and improved stock management. Similarly, the Receivables Turnover Ratio rose from 27.09 to 31.03 times, reflecting quicker collections and enhanced credit efficiency. The Payables Turnover Ratio also increased significantly from 2.91 to 4.21 times, suggesting that the company settled its supplier obligations more rapidly. Additionally, Days of Sales Outstanding improved from 14 to 12 days, highlighting a shorter collection period. Days of Inventory on Hand dropped from 110 to 84 days, signifying improved inventory turnover and reduced holding periods. Meanwhile, Days of Payables Outstanding declined from 126 to 87 days, indicating that the company made faster payments to suppliers, which may suggest stronger liquidity or changes in credit terms.

In Q3 FY 2025, the company exhibited a mixed performance in working capital efficiency, with short-term fluctuations but overall improvements compared to the same quarter in the previous year. The Inventory Turnover Ratio declined slightly from 4.68 to 4.57 times QoQ but showed a strong improvement from 3.46 times YoY, indicating better inventory management over the long run. Similarly, the Receivables Turnover Ratio dropped from 26.54 to 24.11 times QoQ but remained higher than the 20.58 times recorded in the same quarter last year, suggesting improved credit collection efficiency over time. The Payables Turnover Ratio also declined from 3.79 to 3.39 times QoQ but showed a YoY increase from 2.66 times, indicating faster supplier payments compared to the previous year. Regarding cash flow cycles, Days of Sales Outstanding increased from 14 to 16 days QoQ, indicating slower collections, though it improved YoY from 18 days. Days of Inventory on Hand rose slightly from 79 to 80 days QoQ but improved significantly from 106 days YoY, reflecting better inventory turnover over the long term. Meanwhile, Days of Payables Outstanding increased from 97 to 108 days QoQ but decreased from 138 days YoY, suggesting a more balanced supplier payment strategy. Overall, while some short-term inefficiencies emerged, the company demonstrated notable YoY improvements in working capital management.

7.6. CHL's liquidity weakened in FY 2024, with lower short-term asset coverage.

In FY 2024, the company's liquidity position weakened compared to FY 2023. The Current Ratio declined from 1.65 to 1.18, indicating reduced short-term asset coverage for liabilities. Similarly, the Quick Ratio fell from 1.14 to 0.83, reflecting lower liquid asset availability. Meanwhile, the Cash Ratio dropped from 0.21 to 0.16, suggesting a decreased cash buffer for immediate obligations.

In the quarter ended December 2024, the company's liquidity position showed mixed trends. The Current Ratio improved from 1.22 to 1.33 QoQ but remained lower than 1.39 recorded in the same quarter of the previous year, indicating a slight deterioration in long-term liquidity strength. The Quick Ratio increased from 0.86 to 0.99 QoQ and also showed a marginal YoY improvement from 0.98, suggesting better short-term liquidity. However, the Cash Ratio declined from 0.09 to 0.08 QoQ and dropped further from 0.14 YoY, reflecting a weaker immediate cash position to cover short-term obligations.

7.7. The company's leverage is rising but remains manageable

In FY 2024, the company's leverage increased compared to FY 2023. The Debt-to-Equity Ratio rose from 40.40% to 42.21%, indicating a higher reliance on debt financing relative to equity. Similarly, the Debt-to-Assets Ratio edged up from 22.25% to 22.73%, reflecting a slight increase in debt as a proportion of total assets. The Debt-to-Capital Ratio also climbed from 26.97% to 27.90%, signaling greater financial leverage. Meanwhile, the Interest Coverage Ratio declined sharply from 10.71 to 4.87 times, suggesting reduced ability to cover interest expenses, likely due to higher debt servicing costs and lower operating profits in the year.

In the latest quarter, the company's leverage position showed an overall decline. The Debt-to-Equity Ratio fell from 30.07% to 28.18% quarter-over-quarter (QoQ) and significantly declined from 41.44% year-over-year (YoY), indicating reduced reliance on debt financing. Similarly, the Debt-to-Capital Ratio decreased from 21.72% to 20.60% QoQ and from 27.52% YoY, reflecting improved capital structure efficiency. Meanwhile, the Debt-to-Assets Ratio dropped from 17.59% to 16.66% QoQ but increased slightly from 22.47% in the same period last year. Additionally, the Interest Coverage Ratio more than doubled from 2.80 to 5.86 times QoQ, showing improved ability to meet interest obligations, while remaining unchanged YoY.

8. Environment, Social and Governance

8.1. CHL prioritizes sustainability through efficient resource use and waste management

Durdans Hospital demonstrates a strong commitment to environmental sustainability through its structured approach to resource management and waste disposal. The hospital prioritizes responsible consumption of key resources such as energy, water, and paper while ensuring compliance with environmental regulations. A critical aspect of its environmental strategy is the effective segregation and disposal of hazardous and non-hazardous waste. Through color-coded waste bins and designated storage areas, Durdans minimizes the risk of cross-contamination. It collaborates with Central Environment Authority (CEA)-approved third-party recyclers for waste disposal, ensuring that medical waste is handled responsibly through licensed incineration facilities, while food and electronic waste are managed in accordance with local regulations.

In response to rising energy costs, CHL has taken significant steps to enhance efficiency and reduce environmental impact. The hospital relies on the National Grid for electricity but has implemented digitalization strategies to curb unnecessary consumption. Key initiatives include the adoption of Electronic Health Records (EHR), virtual collaboration tools, and energy-efficient IT infrastructure. By transitioning from paper-based documentation to digital records, the hospital has significantly reduced paper consumption, improved accessibility, and streamlined processes. Additionally, the integration of virtual meetings and digital workflows has minimized travel needs, leading to reduced fuel consumption and emissions. Investments in energy-efficient servers and networking equipment further contribute to lower electricity usage. These efforts not only enhance operational efficiency but also align with global environmental sustainability goals, positioning Durdans Hospital as a responsible healthcare provider committed to minimizing its ecological footprint.

8.2. Promote diversity, talent development, welfare, and high-quality services

CHL is committed to fostering human capital through inclusive policies and a strong focus on talent development. With a diverse workforce, including 68% female staff, the hospital ensures equal opportunities for all employees, regardless of gender, race, or disability. Its commitment to diversity is reinforced by policies such as the Workforce Diversity and Boardroom Diversity Policies.

The hospital prioritizes talent development by matching the right skills to the right roles through a rigorous recruitment process. It emphasizes internal promotions and provides a strong employee value proposition to attract and retain top talent. New hires benefit from mentoring programs, which help them integrate into the hospital's culture and operations smoothly. Additionally, continuous training opportunities are provided, including digital training for remote employees, ensuring that all staff have the skills necessary for career advancement.

Employee welfare is integral to CHL's approach, with performance-based compensation, health and safety measures, and various benefits such as insurance and discounts on medical services. The hospital also hosts welfare events to boost morale and promote unity within the workforce. CHL's commitment to human capital development supports both employee satisfaction and organizational success, creating a positive and productive workplace for all.

CHL upholds high-quality services, evidenced by its 10-year JCI accreditation and continuous audits to assess medical services and staff performance. The hospital gathers customer insights through surveys, including the Net Promoter Score, to maintain patient satisfaction and identify areas for improvement. It fosters a compassionate, patient-centered approach, with feedback reflecting high satisfaction levels. Durdans values long-term supplier and business partnerships, ensuring quality goods and services. Despite challenges like the economic crisis, it maintains standards through strategic procurement, cost efficiencies, and telemedicine investments, solidifying its reputation as a trusted healthcare provider and contributing to community well-being.

8.3. CHL's board ensures balanced expertise, governance, and independence

Board of Directors

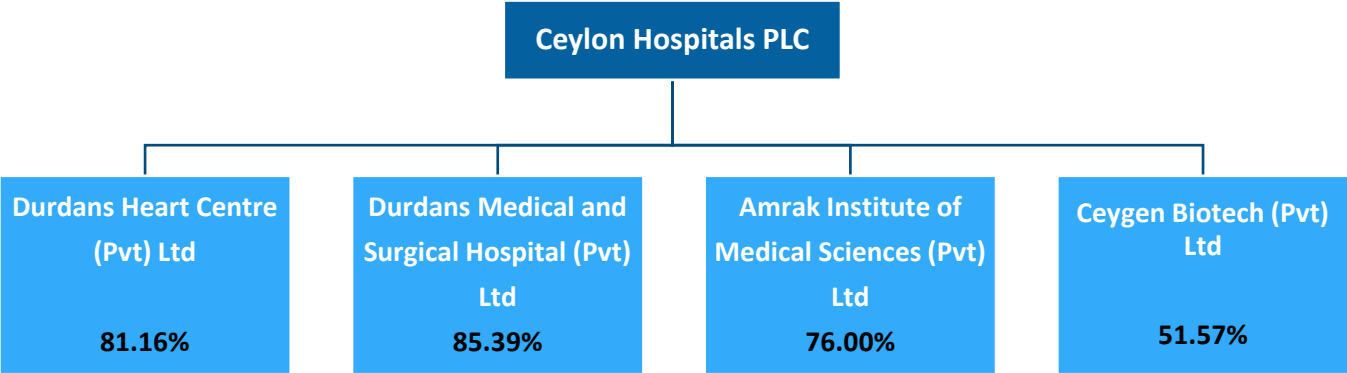
Name	Directorship status	Skills and expertise
Mr. A. E. Tudawe (Chairman / President)	Executive Director	Expert in accounting, finance, strategic management, and business leadership with global professional credentials.
Mr. U. D. Tudawe (Executive Vice President)	Executive Director	Skilled in microbiology, medical technology, clinical pathology, and laboratory management with strong leadership experience.
Dr A. D. P. A. Wijegoonewardene	Non-Independent Non-Executive Director	Highly accomplished in family medicine, medical education, and international healthcare leadership with prestigious fellowships.
Mr. Y. N. R. Piyasena	Non-Independent Non-Executive Director	Experienced in finance, healthcare, and trade operations with over 40 years of diverse business leadership.
Mr. A. D. B. Talwatte	Independent Non-Executive Director	Veteran in assurance, business risk, and advisory services, with leadership experience in top corporate roles.
Mr. A.V.R. De Silva Jayatilleke (Deputy Chairman)	Senior-Independent Non-Executive Director	Experienced in accounting, auditing, and finance with over 35 years in corporate financial management and governance.
Mr. A.S. Tudawe	Executive Director	Specialized in supply chain management, corporate strategy, and healthcare project leadership with a focus on growth.
Mr. S. Renganathan	Independent Non-Executive Director	Veteran banker and leader in finance, international trade, and corporate governance with diverse board roles.
Mr. H.M.A. Jayasinghe	Independent Non - Executive Director	Seasoned finance leader with expertise in accounting, assurance, and regulatory affairs, with diverse board and leadership roles.

Board sub-committees

Sub-committees	Members
Audit Committee	Mr. A. D. B. Talwatte (Committee Chairman) Mr. A. V. R. De S. Jayatilleke Mr. S. Renganathan Mr. H. M. A. Jayasinghe
Remuneration Committee	Mr. A.D.B Talwatte (Committee Chairman) Mr. A.V.R.De S.Jayatilleke Mr. S. Renganathan
Related Party Transactions Review Committee	Mr. A. D. B. Talwatte (Committee Chairman) Mr. A. V. R. De S. Jayatilleke Mr. S. Renganathan Mr. H. M. A. Jayasinghe
Nomination and Governance Committee	Mr. A.D.B. Talwatte (Committee Chairman) Mr. A.V.R.De S.Jayatilleke Mr. S. Renganathan Mr. H.M.A. Jayasinghe

The Board of Directors at CHL is structured to ensure a balanced representation of expertise and independence. It consists of 3 executive directors, 4 independent non-executive directors, and 2 non-independent non-executive directors, bringing together diverse backgrounds in management, medical administration, banking, finance, economics, marketing, and human resources. This diversity enhances strategic decision-making and risk oversight. A formal and structured appointment process, overseen by the Nominations Committee, ensures that all directors meet the necessary skill, integrity, and independence requirements. New directors face shareholder election at the first AGM after their appointment, reinforcing transparency and accountability. The Board convened four times in FY 2024, reflecting its commitment to governance and strategic oversight. Directors are required to disclose interests annually, with potential conflicts reviewed periodically to safeguard board independence and integrity. This governance framework aligns with best practices, ensuring ethical leadership, independent judgment, and regulatory compliance. Regular board reviews and shareholder engagement contribute to sustained corporate governance excellence, supporting CHL’s long-term vision and operational resilience.

8.4. Group Structure



Source: Company reports, CSE

9. Industry & Macroeconomic Analysis

9.1. Sri Lanka 2025 budget allocates LKR 604B to strengthen healthcare infrastructure

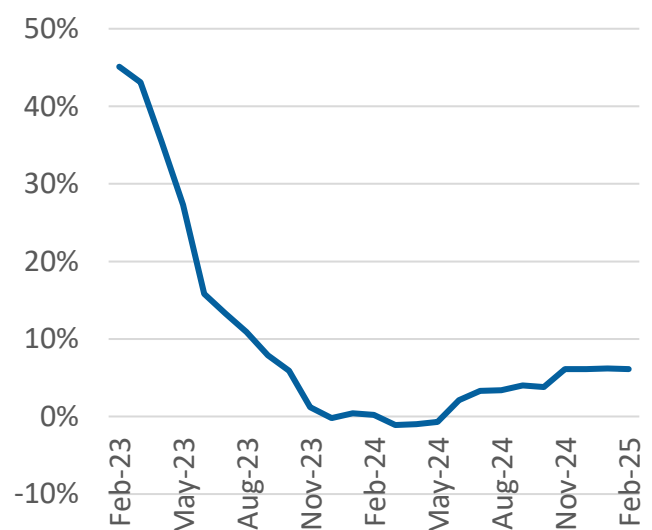
Sri Lanka's 2025 budget has allocated LKR 604 billion to the healthcare sector, comprising LKR 496.3 billion for recurrent expenses and LKR 107.3 billion for capital investments. This substantial funding is expected to strengthen the country's healthcare infrastructure, improve service quality, and enhance medical accessibility in the long run. For CHL, this presents both opportunities and challenges. Increased government spending on healthcare could drive industry-wide advancements, fostering greater public trust and overall sector growth. However, it may also intensify competition with state hospitals, particularly if public healthcare services improve in affordability, accessibility, and quality.

9.2. Sri Lanka faces deflation as healthcare inflation drops, boosting CHL revenue

Sri Lanka has recently entered a period of deflation, with inflation rates continuing to decline. Headline inflation, measured by the year-on-year (YoY) change in the Colombo Consumer Price Index (CCPI), has remained negative for the sixth consecutive month. In February 2025, deflation stood at 4.2%, deepening from the 4.0% recorded in January 2025.

The health sector has also seen a significant reduction in inflation compared to the high levels experienced during Sri Lanka's economic crisis. In February 2023, the YoY CCPI inflation for the health subcategory was 45.1%, whereas by February 2025, it had dropped to 6.1%, marking a substantial decline. This reduction in healthcare inflation may increase consumers' disposable income, potentially driving higher demand for healthcare services and boosting the revenue of CHL. However, it is worth noting that inflation in the sector has shown an upward trend compared to the deflation recorded in early 2024.

Health Sector Inflation by Month



9.3. Sri Lanka's NCD burden grows as CHL expands services to meet demand

Sri Lanka's healthcare landscape is evolving, yet non-communicable diseases (NCDs) remain a major public health concern. Smoking continues to be a significant risk factor, with 20.50% of the adult population expected to smoke daily in 2025. Among them, 40.45% are males, while 2.34% are females. Smoking is strongly linked to chronic respiratory diseases such as COPD and lung cancer, as well as cardiovascular diseases and stroke. Alcohol consumption also poses a serious health challenge, with per capita consumption projected at 2.95 liters in 2025. Excessive alcohol use is associated with liver cirrhosis, heart disease, digestive disorders, and mental health issues. Additionally, 12.16% of Sri Lanka's population is expected to be affected by diabetes in 2025, further highlighting the growing burden of NCDs.

With its advanced diagnostic and treatment facilities, CHL is well-positioned to address these escalating healthcare needs. By continuously expanding and enhancing its specialized services, CHL can play a crucial role in disease prevention and management, ultimately improving patient outcomes while benefiting from sustained demand in Sri Lanka's evolving healthcare sector.

Source: DCS, CBSL, Ministry of Finance, Statista

10. Financial Snapshot

10.1. Summary of Income Statement – Annual

LKR Mn	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue	5,976	5,546	7,841	7,905	9,153
Gross Profit	3,852	3,494	4,961	4,811	5,139
Operating Profit	645	640	1,361	941	704
Profit Before Tax	576	696	1,389	1,060	659
Tax Expense	(109)	(96)	(279)	(409)	(205)
Profit for the Year	467	600	1,110	652	454
Profit Attributable to:					
Equity Holders of the Parent	403	560	982	572	417
Non-Controlling Interest	64	40	127	80	37
TTM EPS (LKR)	9.63	13.37	23.45	13.65	9.96

10.2. Summary of Income Statement – Quarterly

LKR Mn	FY24Q3	FY24Q4	FY25Q1	FY25Q2	FY25Q3
Revenue	2,330	2,361	2,237	2,469	2,502
Gross Profit	1,298	1,440	1,278	1,438	1,573
Operating Profit	136	284	146	178	325
Profit Before Tax	174	220	94	123	494
Tax Expense	(62)	(10)	(59)	(39)	(38)
Profit for the Year	112	210	35	83	455
Profit Attributable to:					
Equity Holders of the Parent	101	198	22	75	398
Non-Controlling Interest	11	11	13	9	57
TTM EPS (LKR)	14.01	9.96	10.01	9.44	16.25

10.3. Summary of Statement of Financial Position - Annual

LKR Mn	FY2020	FY2021	FY2022	FY2023	FY2024
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	7,693	7,083	7,295	7,706	11,582
Other Financial Assets	1	166	273	286	289
Total Non-Current Assets	7,967	8,206	9,044	10,858	12,309
Current Assets					
Inventories	380	536	835	1,020	814
Trade and Other Receivables	274	238	306	277	313
Other Financial Assets	754	1,106	1,451	789	899
Cash and Cash Equivalents	149	640	898	421	366
Total Current Assets	1,847	2,691	3,759	3,253	2,734
Total Assets	9,814	10,897	12,803	14,110	15,043
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	916	916	916	1,143	1,143
Retained Earnings	2,440	2,951	3,874	4,262	4,596
Other Reserves	2,550	2,760	2,758	2,367	2,365
Equity Attributable to Equity Holders of the Parent	5,906	6,628	7,548	7,772	8,103
Non-Controlling Interest	588	593	734	730	733
Total Equity	6,494	7,221	8,282	8,501	8,836

Non-Current Liabilities					
Interest Bearing Loans & Borrowings	660	823	1,702	1,936	1,989
Deferred Tax Liabilities	910	643	708	1,302	1,390
Total Non-Current Assets	1,835	1,709	2,587	3,643	3,885
Current Liabilities					
Interest Bearing Loans & Borrowings	345	829	306	421	489
Trade and Other Payables	510	671	1,248	879	1,027
Bank Overdraft	614	222	247	483	543
Total Current Liabilities	1,485	1,967	1,933	1,966	2,322
Total Equity and Liabilities	9,814	10,897	12,803	14,110	15,043
NAVPS (LKR)	140.96	158.20	180.15	185.50	193.41

10.4. Summary of Statement of Financial Position - Quarterly

LKR Mn	FY24Q3	FY24Q4	FY25Q1	FY25Q2	FY25Q3
ASSETS					
Non-Current Assets					
Property, Plant & Equipment	7,826	11,582	11,497	11,429	11,505
Other Financial Assets	298	289	296	189	196
Total Non-Current Assets	11,681	12,309	12,224	12,051	12,159
Current Assets					
Inventories	864	814	817	818	816
Trade and Other Receivables	429	313	317	351	365
Other Financial Assets	713	899	701	1,007	1,420
Cash and Cash Equivalents	298	366	564	212	183
Total Current Assets	2,906	2,734	2,738	2,747	3,188
Total Assets	14,587	15,043	14,961	14,798	15,347
EQUITY AND LIABILITIES					
Capital and Reserves					
Stated Capital	1,143	1,143	1,693	1,693	1,693
Retained Earnings	4,398	4,596	4,543	4,605	5,003
Other Reserves	2,368	2,365	2,367	2,361	2,374
Equity Attributable to Equity Holders of the Parent	7,909	8,103	8,603	8,659	9,069
Non-Controlling Interest	722	733	717	725	785
Total Equity	8,630	8,836	9,320	9,384	9,854
Non-Current Liabilities					
Interest Bearing Loans & Borrowings	2,313	1,989	1,483	1,232	1,121
Deferred Tax Liabilities	1,339	1,390	1,398	1,428	1,447
Total Non-Current Assets	3,862	3,885	3,390	3,161	3,091
Current Liabilities					
Interest Bearing Loans & Borrowings	506	489	502	482	472
Trade and Other Payables	1,070	1,027	973	1,091	1,199
Bank Overdraft	458	543	620	512	574
Total Current Liabilities	2,094	2,322	2,251	2,253	2,402
Total Equity and Liabilities	14,587	15,043	14,961	14,798	15,347
NAVPS (LKR)	188.77	193.41	205.34	206.68	216.47

10.5. Key Ratios - Annual

	FY2020	FY2021	FY2022	FY2023	FY2024
Profitability Ratios					
Gross Profit Margin	64.46%	63.00%	63.27%	60.85%	56.14%
EBIT Margin	10.79%	11.54%	17.36%	11.90%	7.69%
Net Profit Margin	6.75%	10.10%	12.53%	7.23%	4.56%
Return on Equity	7.30%	8.94%	13.86%	7.47%	5.26%
Return on Assets	4.33%	5.41%	8.29%	4.25%	2.86%
Efficiency Ratios					
Inventory Turnover ratio (Times)	6.17	4.48	4.20	3.34	4.38
Receivables Turnover ratio (Times)	24.44	21.68	28.81	27.09	31.03
Payables Turnover ratio (Times)	4.00	3.47	3.00	2.91	4.21
Days of Sales Outstanding	14.93	16.83	12.67	13.47	11.76
Days of Inventory on Hand	59.20	81.44	86.87	109.42	83.41
Liquidity Ratios					
Current Ratio (Times)	1.24	1.37	1.94	1.65	1.18
Quick Ratio (Times)	0.99	1.10	1.51	1.14	0.83
Cash Ratio (Times)	0.10	0.33	0.46	0.21	0.16
Leverage Ratios					
Debt to Equity Ratio	27.43%	28.28%	29.87%	40.40%	42.21%
Debt to Assets Ratio	16.51%	17.20%	17.61%	22.25%	22.73%
Debt to Capital Ratio	19.96%	20.61%	21.40%	26.97%	27.90%
Interest Coverage Ratio (Times)	4.58	6.62	16.90	10.71	4.87
YoY Growth					
Revenue Growth	2.92%	-7.20%	41.39%	0.82%	15.78%
Gross Profit Growth	6.25%	-9.29%	41.99%	-3.02%	6.82%
EBIT Growth	3.48%	-0.74%	112.78%	-30.89%	-25.19%
Net Profit Growth	25.3%	38.9%	75.3%	-41.8%	-27.0%

10.6. Key Ratios - Quarterly

	FY24Q3	FY24Q4	FY25Q1	FY25Q2	FY25Q3
Profitability Ratios					
Gross Profit Margin	55.68%	60.96%	57.12%	58.22%	62.89%
EBIT Margin	5.85%	12.03%	6.54%	7.19%	13.00%
Net Profit Margin	4.32%	8.40%	0.97%	3.02%	15.91%
Return on Equity	7.56%	5.26%	5.14%	4.80%	8.16%
Return on Assets	4.14%	2.86%	2.85%	2.70%	4.63%
Efficiency Ratios					
Inventory Turnover ratio (Times)	3.46	4.38	4.48	4.68	4.57
Receivables Turnover ratio (Times)	20.58	31.03	26.04	26.54	24.11
Payables Turnover ratio (Times)	2.66	4.21	4.04	3.79	3.39
Days of Sales Outstanding	17.73	11.76	14.02	13.75	15.14
Days of Inventory on Hand	105.51	83.41	81.48	78.04	79.83
Liquidity Ratios					
Current Ratio (Times)	1.39	1.18	1.22	1.22	1.33
Quick Ratio (Times)	0.98	0.83	0.85	0.86	0.99
Cash Ratio (Times)	0.14	0.16	0.25	0.09	0.08
Leverage Ratios					
Debt to Equity Ratio	41.44%	42.21%	34.87%	30.07%	28.18%
Debt to Assets Ratio	22.47%	22.73%	20.05%	17.59%	16.66%
Debt to Capital Ratio	27.52%	27.90%	24.35%	21.72%	20.60%
Interest Coverage Ratio (Times)	5.86	8.39	1.80	2.80	5.86

YoY Growth					
Revenue Growth	7.16%	85.98%	1.65%	9.22%	7.35%
Gross Profit Growth	4.10%	23.80%	6.75%	19.33%	21.25%
EBIT Growth	-24.03%	-40.57%	19.12%	10.57%	138.38%
Net Profit Growth	117.72%	53.89%	111.39%	75.72%	395.04%
QoQ Growth					
Revenue Growth	3.08%	1.33%	-5.28%	10.39%	1.32%
Gross Profit Growth	7.70%	10.95%	-11.25%	12.52%	9.44%
EBIT Growth	-15.04%	108.26%	-48.48%	21.30%	83.16%
Net Profit Growth	2.17%	97.01%	-89.10%	245.02%	433.07%

Source: Company reports, CSE, Ambeon estimates

21st January 2025**CHL issued 765,322 shares to DHC shareholders after merger completion**

Ceylon Hospitals PLC (CHL) issued 765,322 Ordinary Voting shares to the shareholders of Durdans Heart Centre (DHC), excluding CHL itself, following the amalgamation between the two companies. These shares were officially listed on the stock exchange. This issuance is part of the merger process, where CHL continues as the surviving company after the merger with DHC. The shareholders of DHC received these shares as per the terms of the amalgamation agreement.

01st January 2025**Dr. Lasantha Karunasekara is appointed as the CEO of Ceylon Hospitals PLC**

Ceylon Hospitals PLC has appointed Dr. Lasantha Karunasekara as Chief Executive Officer of both Ceylon Hospitals PLC and Durdans Medical and Surgical Hospital (Pvt) Ltd, effective January 1, 2025. As of his appointment date, he holds no relevant interest in the company's shares. With over 22 years of professional experience, including more than a decade in C-suite roles at leading hospital groups, Dr. Karunasekara is a dynamic and strategic business leader. He has a proven track record of driving organizational growth, executing business turnarounds, implementing innovative solutions, and leading transformational change.

9th October 2024**Standard Chartered partners with Durdans for exclusive, personalized healthcare benefits**

Standard Chartered Priority Sri Lanka has partnered with Durdans Hospitals to offer customers an exclusive healthcare experience through the Durdans Priority Circle. This premium program provides personalized, end-to-end healthcare services with state-of-the-art facilities and competitive rates. Launched at Durdans Hospital, the partnership offers Standard Chartered Priority customers savings of up to 50% on health check-ups, discounts on lab tests, room charges, dental procedures, and more, ensuring a seamless and rewarding medical experience tailored to individual needs.

2nd September 2024**Durdans partners with NITF to enhance Agrahara insurance for employees**

Durdans Hospital has signed a key agreement with the National Insurance Trust Fund (NITF) and the Ministry of Public Administration and Management to enhance the Agrahara insurance scheme. Since 2006, this scheme has provided vital healthcare benefits to government and state employees across Sri Lanka. Through this collaboration, Durdans Hospital and NITF aim to offer the most competitive discounts and service packages, reaffirming their commitment to supporting the nation's public servants with superior healthcare.

2nd August 2024**CHL earns JCI reaccreditation, strengthening Sri Lanka's medical tourism reputation**

Durdans Hospital has once again solidified its leadership in healthcare by securing Joint Commission International (JCI), USA reaccreditation for the third time. This milestone underscores its unwavering commitment to excellence in patient care and safety while reinforcing Sri Lanka's growing appeal as a medical tourism destination.

Source: CSE, Press releases

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